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OF COUNSEL
URBAN A. LESTER

3-210A008

July 29, 1993

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are three (3) duly executed and acknowledged copies of a Memorandum of Lease, dated as of May 25, 1993, and a Collateral Assignment of Lease, dated as of July 21, 1993, a primary document and a secondary document, respectively, as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed primary document are:

Lessor: ³⁷GP-38 Partners-89
107 South Spring Mill Road
Villanova, Pennsylvania 19085

Lessee: Dakota, Minnesota & Eastern
Railroad Corporation
337 22nd Avenue South
Brookings, South Dakota 57006

JUL 29 1 52 PM '93
MOTOR OPERATING UNIT

The names and addresses of the parties to the enclosed secondary document are:

Assignor: ⁻³⁸GP-38 Partners-89
107 South Spring Mill Road
Villanova, Pennsylvania 19085

Counterpart King L. Bartman

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Assignee: Merrill Lynch Business Financial Services, Inc.
33 West Monroe Street
Chicago, Illinois 60603

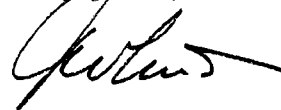
A description of the railroad equipment covered by the enclosed documents
is:

Four (4) 1969 General Motors EMD Model GP-38 diesel electric
locomotives bearing DME road marks and numbered 3830 - 3833,
inclusive (formerly EUKA 30 - EUKA 33, inclusive).

Also enclosed is a check in the amount of \$32 payable to the order of the
Interstate Commerce Commission covering the required recordation fee.

Kindly return two stamped copies of the enclosed document to Robert W.
Alvord, Esq., Alvord and Alvord, 918 Sixteenth Street, NW, Washington, DC
20006.

Very truly yours,



Robert W. Alvord

RWA/bg
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Robert W. Alvord

Alvord and Alvord

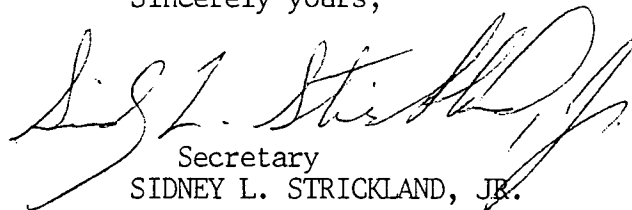
918 Sixteenth Street, NW

Washington, DC, 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions
of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303,
on July 29, 1993, at 1:55PM, and assigned
recording number(s). 18350 and 18350-A

Sincerely yours,



Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

18350

JUL 29 1993 - 1 55 PM

INTERSTATE COMMERCE COMMISSION

Memorandum of Lease

Memorandum of Lease Agreement for four (4) GP 38 Locomotives ("Lease Agreement") made and entered into as of May 25, 1993 between GP 38 Partners 89 ("GP"/"Lessor"), a Pennsylvania General Partnership, as Lessor and Dakota, Minnesota & Eastern Railroad Corporation ("DM&E") a Delaware corporation, as Lessee.

W I T N E S S E T H:

1. Lessor has agreed to furnish to Lessee, and the Lessee has agreed to lease from Lessor four (4) GP 38 Locomotives bearing the railroad reporting marks set forth on Exhibit A.

2. The Lease agreement shall be effective as of the date first set forth hereinabove and shall be subject to the lease term, as defined in the Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective officers as of the date and year first above written.

DAKOTA, MINNESOTA & EASTERN
RAILROAD CORPORATION

By: 464 V. Fink

GP 38 PARTNERS 89

By: John W. Brown

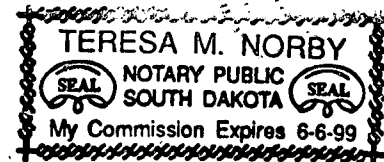
STATE OF SOUTH DAKOTA

CITY OF BROOKINGS

On this 27th day of July, 1993, before me personally appeared Kurt V. Feaster, to me personally known, who being by me duly sworn, says that he is the Chief Financial Officer of the Dakota, Minnesota & Eastern Railroad Corporation, that the foregoing instrument was signed on behalf of said Corporation, and he acknowledged that the execution of said instrument was his free act and deed.

Teresa M. Norby
NOTARY PUBLIC

My commission expires: 6-6-99



COMMONWEALTH OF PENNSYLVANIA

COUNTY OF MONTGOMERY

On this 23rd day of July, 1993, before me personally appeared John M. Ruse, to me personally known, who being by me duly sworn, says that he is a General Partner of GP 38 Partners 89, that the foregoing instrument was signed on behalf of said partnership and he acknowledged that the execution of said instrument was his free act and deed.

Mary Ann McGrath
NOTARY PUBLIC

My commission expires: 7-10-95

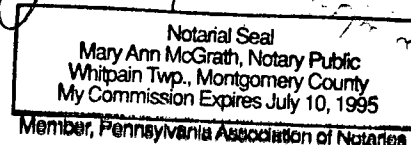


EXHIBIT A

The following four GP-38 Locomotives have been Leased to Dakota, Minnesota & Eastern Railroad Corporation.

<u>Present Road #</u>	<u>DM&E Road #</u>
EUKA 30	DME 3830
EUKA 31	DME 3831
EUKA 32	DME 3832
EUKA 33	DME 3833